

Message Text

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FM AMEMBASSY RABAT

TO SECSTATE WASHDC 4718

UNCLAS RABAT 1063

FOR USDOC AND NEA/AFN MONTVILLE

E.O. 11652: N/A

TAGS: BDIS MO

SUBJECT: MIDLAND-ROSS CORPORATION REQUEST FOR AID IN OBTAINING
PAYMENT

REF: RABAT 0538

1. EMBOFF CALLED ON TAIEB SKALLI, DIRECTEUR DES MINES, IN
MINISTRY OF COMMERCE, INDUSTRY AND MINES TO DISCUSS PAYMENT
OF THE APPROXIMATELY 200,000 DOLLARS DUE MIDLAND-ROSS BY
MOROCCAN GOVERNMENT CORPORATION SEFERIF. SKALLI EXPLAINED
GOM VIEW AT LENGTH AND APPEARED TO BE AS ANGUISHED AS HE
SAID HE WAS OVER THIS MATTER. SKALLI SAID THAT CENTRAL
PROBLEM UNDER CONTRACT WITH MIDREX WAS THAT FURNACES WERE
WARRANTED REACH PRESCRIBED VOLUME AND QUALITY OF PRODUCTION.
TO THIS DAY FURNACES HAVE NOT PRODUCED AGREED VOLUME OR
QUALITY.

2. MIDREX CLAIMED AT ONE TIME THAT PROBLEM LAY WITH
MOROCCAN PERSONNEL WHO ALTHOUGH AMERICAN TRAINED WERE NOT
PROPERLY OPERATING FURNACES TO OBTAIN OPTIMUM RESULTS.
MIDREX SENT THREE OF ITS OWN TECHNICIANS, TWO AT GOM EXPENSE,
TO OPERATE FURNACES TO DETERMINE WHETHER INSTALLATION INDEED
CAPABLE OF MEETING PRESCRIBED STANDARDS. MIDREX TEAM PRODUCED
NEITHER THE QUANTITY NOR QUALITY PRESCRIBED. ADDITIONAL
TRAINING MOROCCAN PERSONNEL ALSO UNDERTAKEN WITHOUT IMPROVED
RESULTS.

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3. ACCORDING SKALLI, DURING CONSTRUCTION OF THE FURNACES,

UNDER MIDREX SUPERVISION, SEVERAL MISTAKES WERE MADE INCLUDING INSTALLATION FAULTY REFRACRY BRICKS. MIDREX REFUSED TO REPLACE BRICKS AND SEFERIF REPLACED FOR A PRICE IN EXCESS OF 200,000 DOLLARS. EVEN THEN FURNACES DID NOT REACH PRESCRIBED PRODUCTION LEVELS. SKALLI SAID THAT HE IS PERSONALLY PERSUADED THAT EQUIPMENT AS PRESENTLY INSTALLED CANNOT MEET CONTRACT STANDARDS PARTICULARLY IN LIGHT OF A GOM STUDY OF SIMILAR MIDREX PLANTS ELSEWHERE IN THE WORLD WHICH ALLEGEDLY HAVE SAME DIFFICULTIES.

4. SKALLI SUGGESTED THAT MR. FRANK FITTIPALDI OF MIDLAND-ROSS COME TO RABAT OR INVITE SEFERIF TO US TO NEGOTIATE DIRECTLY. CONTACT: MR. MEHDI SEDKI OF SEFERIF, 14 RUE ABOU FARIS EL MARINI, RABAT, TELEPHONE: 342-57.

5. IN DIRECT CABLE TO EMBASSY, FITTIPALDI OFFERED TO COME TO MOROCCO FOR DIRECT NEGOTIATIONS. EMBASSY RECOMMENDS HE CONTACT SEDKI TO ARRANGE TALKS. SKALLI ADDED THAT UNHAPPY AS THIS EXPERIENCE HAS BEEN, GOM RETAINS SUFFICIENT CONFIDENCE IN MIDLAND-ROSS TO PROPOSE FIRM FOR FURTHER WORK AND HAS ALREADY INVITED MIDLAND-ROSS TO UNDERTAKE OTHER UNSPECIFIED ACTIVITY IN MOROCCO. NEUMANN

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